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Federal Communications Commission
445 12th Street S.W.
Washington, D.C. 20554

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My business operates to serve the educational and networking needs of the wired and wireless ISP community. What was once a promising $30,000,000+ / year business just 5 years ago now generates $1 million. Granted, the economy had a hand in the decline of my business, the regulatory environment continues to demonstrate a lack of interest in cooperating or supporting the ongoing development and advancement of firms other than the monopolies.

The Consumer's Union, which publishes Consumer Reports has reported that three-fourths of all independent ISPs have gone out of business in the last five years. As a firm that serves the needs of the remaining quarter, I can attest to those figures and the negative impact the existing and counter-productive public policy such as what is being proposed continues to have on our dwindling market.

From 1999 to 2001, my firm also served the CLEC and rural ILEC markets to the tune of $7 million / year. I now realize that the possibility of that market returning to even 1% of its original state is nonexistent and we have subsequently been forced to vacate that once-promising and vibrant market created around the 1996 Act.

What made the CLEC / DLEC markets so promising and interesting? Innovative use and aggressive deployment of the xDSL technologies BOCs had no interest in utilizing. The BOCs disinterest in adopting innovative technologies has hindered their own business prospects. The once-promising xDSL technology was considered a threat to their lucrative T1 business. Had they deployed the nascent technology several years prior, it may very well have provided a higher-margin delivery method by allowing them to charge the same prices with lower costs. Even when their business stands to benefit through innovation, the status quo is maintained. Fortunately, a few visionary DLEC firms were able to roll out enough xDSL in unbelievably challenging conditions to force the BOCs to compete. Otherwise, xDSL may have never seen the light of day in the United States. The area I currently live in has no DSL service option for our 4,000+ suburban inhabitants. I suspect if it didn't arrive after eight years, xDSL won't see the light of day in my city anytime soon.

I understand the needs of the largest telecommunications firms in the U.S. are important to address. The fact that what is being done and proposed by the monopolies and regulators serves to eliminate competition, remove traces of innovation and foster high priced services of increasingly poor quality appears to have little impact on the decision-making process. What I'm asking you to consider is not only the devastating results this has already had on the existing market as you serve the needs of the incumbents, but the impact your policies have on those who make a living providing products and services for the market you continue to seek to eliminate.

If any business develops a new communications product, in time there will be three potential customers for that product. Granted, those are three very large customers but the supply needs are so massive and would drive down margins for suppliers to the extent that no supplier other than a few large firms would be able to serve their needs. By reducing the number of potential suppliers to the monopolies, this also drives down the quality and margins for products brought to this new market of three firms. Developing an innovative product and surviving until the monopoly will buy the product is even more impractical in this scenario.

As an example, Cisco Systems began by manufacturing innovative routers that could be sold one-by-one to innovative firms delivering Internet services with high margins and little pricing pressure. Clearly, the incumbent telcos were not the first to line up at Cisco's doors to buy the product and Cisco's go-to-market strategy at the time had little to do with convincing incumbent telcos to utilize their products. If they developed this fantastic innovation and had to:

a) convince one of the three potential customers that this product from a small, little-known firm is something to consider deploying across their massive network
b) survive the protracted buying cycle of specifications and RFPs prior to bidding on supply
c) if successfully sold, ramp up production to massive scale overnight in order to deliver a the new product extensively
d) do so at incredibly thin margins...

there would be no Cisco Systems today.

Now multiply that by the number of firms delivering communications products and services in the market (that haven't already been driven out of business by the current policy) and you've got a significant financial impact on the market that far outweighs any incumbent's "loss" of having to compete or line share. And, you have an impact on innovation that could have catastrophic ramifications for this country's place in an international networked economy. A place the United States has easily slipped from first to tenth with no response and other forward-thinking countries foster innovation and growth far outpacing the U.S.

I can point to over thirty million examples of my own to demonstrate why this is wrong for the marketplace, as my business is generally considered a mirror image of the current market conditions.

In addition to the thousands of struggling providers who still manage to compete in this market and the millions of customers they serve, I strongly urge you to consider the billions of examples of those who serve the market you are eliminating and do not allow this outrageous proposal to become law.

Regards,

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